Government of
Saskatchewan

Annual Report

2004

Saskatchewan
Milk
Control
Board

Government of Saskatchewan

Annual Report

2004

Saskatchewan Milk Control Board

SEVENTIETH ANNUAL REPORT

FOR THE TWELVE MONTHS

ENDED DECEMBER 31, 2004

SASKATCHEWAN MILK CONTROL BOARD

TABLE OF CONTENTS

Letter of Transmittal 1

Board Members 2

Objectives and Organization..... 2

Introduction 3

Milk Production and Utilization 4

Producer Pools..... 5

Marketing and Transportation 7

Milk Control Board Activities 7

Legislation 9

Board Finances..... 9

Management Report 10

Financial Statements 11

Auditor's Report..... 12

Statistical Tables ...(unaudited)..... 19

SASKATCHEWAN MILK CONTROL BOARD

Honourable Lorne Calvert
President of the Executive Council
Province of Saskatchewan

Sir:

I have the honour to submit herewith the Seventieth Annual Report of the Saskatchewan Milk Control Board, together with the financial statements for the year ended December 31, 2004, pursuant to the Provisions of Section 27 of *The Milk Control Act, 1992.*

Respectfully submitted,

THE MILK CONTROL BOARD

Leonard Blocka

Leonard Blocka
Chairperson

SASKATCHEWAN MILK CONTROL BOARD

BOARD MEMBERS

The Board is comprised of six members appointed by the Lieutenant Governor-in-Council. The Board members are:

CHAIRPERSON

Mr. Leonard Blocka, Prince Albert

MEMBERS

Dr. David Christensen, Saskatoon
Ms. Joanne Mortenson, Saskatoon
Mr. Garf Stevenson, Regina
Mr. David Finlay, Delisle
Mr. Joe Guenther, Osler

OBJECTIVES AND ORGANIZATION

The Milk Control Board is a body corporate established pursuant to *The Milk Control Act, 1992*. The Board plays a key role in the establishment and administration of Saskatchewan's dairy policy. It works closely with producers, processors and government agencies to develop policies which provide efficient producers with the opportunity to obtain a fair return for their labour and investment, while providing consumers with an adequate supply of high quality dairy products at a reasonable price. The Act empowers the Board to make regulations or orders relating to the production, supply, pricing or sale of milk and to inquire into or conduct hearings pertaining to any of the foregoing. The Act also allows the Board to enter into contracts and other agreements that the Board considers appropriate to carry out its responsibilities.

The Board works closely with the dairy industry and strives to balance and serve the interests of all dairy stakeholders--producers, processors, consumers and government. The Board provides an administrative vehicle for Saskatchewan's participation in the federal-provincial Milk Marketing Plan and Western Milk Pooling Agreement.

Over the past seventy years, the Board's policies and regulations have been amended from time to time in order to remain current and applicable to changing industry and market conditions.

SASKATCHEWAN MILK CONTROL BOARD

INTRODUCTION

During the year under review, the Canadian dairy industry continued to address the major challenge of adjusting to new market circumstances. In December 2002, the World Trade Organization (WTO) Appellate Body ruled that Canada's separation of the export from the domestic market through the creation of the Commercial Export Mechanism (CEM) was not in compliance with the WTO export subsidy definitions. As a result, Canadian dairy producers and processors found themselves restricted to supplying the domestic market only, with virtually no room to export.

During 2004, the Canadian Milk Supply Management Committee completed its work to develop a quota management system to more tightly manage national production as it relates to domestic market requirements. Work will continue into the New Year to refine a national quota management program. Implementation of the new quota management policy began on August 1, 2004, the start of the new Dairy Year.

Saskatchewan producers, along with their national counterparts, are in the midst of a major transition to a new management system, involving two, six month reconciliation periods, and more strict disciplines to prevent under or over production .

The essence of the new quota management policy is to achieve a closely orchestrated national system, implemented by the provinces to achieve the national objective – that is, to supply 100% of the domestic market on a continuous basis, but not to create surpluses that do not have a market opportunity.

During the early phase of the transition period, Saskatchewan dairy producers responded well to the new challenge. Producers fully utilized the Milk Control Board's quota swapping and quota management programs in order to meet the production challenges associated with the new national production system.

Fluid milk (Class 1) prices are established monthly by the Alberta Energy and Utilities Board for Saskatchewan, Alberta and British Columbia, using an index of input costs and other economic indicators. Feed and grain prices carry a heavy weight in the composite index. In the two previous years, drought conditions resulted in high feed and grain prices, which in

turn pushed fluid prices to high levels. As drought conditions subsided last year, fluid prices declined to more normal levels as feed and grain prices reflected more normal weather conditions.

The BSE crisis has impacted milk producer revenues due to the drastic reduction in cull cow and replacement values. Moreover, costs have risen as producers are confronted with carrying stock through longer feeding periods before marketing. Partial recognition of the impact of BSE was introduced as a factor in the Alberta Energy and Utilities Board formula late in the calendar year. This action had the impact of improving producer returns from fluid milk by $2.10/hl.

The Board members and Advisory Committee devoted considerable time during the past year to analysis of the implications of various forces on the national, regional and provincial industries and the development of alternative strategies, which will maintain and promote a strong, viable dairy industry in Saskatchewan. Since change is inevitable, the Board has sought to manage the changes within its jurisdiction to optimize the benefits to the Saskatchewan dairy industry and its consumers.

MILK PRODUCTION AND UTILIZATION

There are two marketing structures for milk in Canada. The Federal Government's authority to regulate the marketing of fluid milk is delegated to the provinces. The Canadian Dairy Commission, a federal crown Corporation, collaborates with the provinces in the administration of the supply management system for industrial milk.

Each province in Canada regulates the production and manufacturing of milk within its own borders and sets pricing procedure, quota policies and other regulations. Marketing activities related to industrial milk, which was manufactured into products that were shipped across provincial boundaries, were carried out according to the terms and conditions of a federal-provincial agreement, the National Milk Marketing Plan.

The year under review saw an increase in milk marketed by Saskatchewan milk producers. Producers shipped 218,643,243 litres of milk to the fluid milk pool in 2004. This represented an increase of 10.8 million litres, or a 5.20 percent increase from the previous year (Table II). Producers received a total value of $138,604,465 in 2004, which represented a 1.90 percent increase from 2003.

The average number of milk producers decreased 6.08 percent from 296 in 2003 to 278 in 2004. The average daily shipment per producer increased from 1924 to 2152 litres per day, an increase of 11.85 percent (Table II). Class 1 milk, or milk processed for Saskatchewan fluid consumption, amounted to 84,234,284 litres of milk in 2004.

The Canadian dairy industry operates on butterfat quotas, and on a "dairy year" basis, which runs from August 1 to July 31 of the following year. In Saskatchewan, producers shipped a total of 7,969,038 kilograms of butterfat during the 2003-2004 dairy year (Table III), representing a utilization of approximately 99.31 percent of the provincial yearly quota allotment. The average butterfat test on all milk was 3.72 percent per hl, an increase from the 3.70 percent average from the previous year (Table V).

In October 2004, the Board allocated all of the province's total yearly milk quota to milk producers. Based on production levels from August 1, 2004 to December 31, 2004 and quota allocated to producers, the Board determined that the province's total yearly butterfat quota allotment of 8,093,383 kilograms of butterfat would be fully utilized by approved milk producers during the 2004-2005 dairy year.

PRODUCER POOLS

The Saskatchewan fluid milk pool successfully completed its twenty-ninth year of operation.

The Board maintained a single milk pool system for both fluid and industrial milk. Under pooling, the Board has the responsibility for purchasing all milk from registered milk producers and selling it to the processors. Each producer was allocated a quota based on Saskatchewan's quota policy and designed to meet the province's quota needs.

Multiple Component Pricing (MCP) was implemented in Saskatchewan on August 1, 1999. This decision was in keeping with commitments made by Saskatchewan when the Western Milk Pool Agreement was signed in 1997. With MCP there should be greater equity among producers and processors. Under MCP producers receive the true value of the total solids in the milk they supply and processors pay according to the components they receive. For example, more protein in the milk enables processors to obtain a higher cheese yield and therefore price the milk accordingly.

Overall, MCP should provide a mechanism for the dairy industry to be more market responsive as the demand for various components continues to evolve in the future.

In 2004, the price of Class 1 milk was increased by $0.98 per hectolitre on July 1 and September 1. The price increases were triggered by the Alberta pricing formula, the pricing mechanism agreed to by the provinces participating in the Western Milk Pool.

At the Federal level, the Industrial Target Return Formula price (Classes 2 to 5) was increased on one occasion, February 1, 2004. As of this date, the support price for skim milk powder increased from $5.1966 to $5.3928 per kilogram, and for butter from $6.1061 to $6.2968 per kilogram. The assumed processor margin increased by 3.5 percent, or $0.31 per hectolitre.

In August 1995, dairy stakeholders implemented Special Class milk pricing and pooling. This has been designed to better accommodate the dairy industry and the World Trade Organization. This allowed dairy processors and other food processors to remain competitive on domestic and global markets.

This pooling system is administered by the Canadian Dairy Commission and provides milk to food manufacturing processors and exporters at competitive prices. Returns for the milk sold as Special Class milk are pooled among all dairy producers in the ten provinces, which are signatories to the National Milk Marketing Plan.

Under the second pooling arrangement, known as the Western Milk Pool, the revenue from all milk sales (fluid and industrial) is pooled among the producers of British Columbia, Alberta, Saskatchewan and Manitoba. The agreement generates new opportunities, new challenges, and greater flexibility for processors in the four western provinces. It ensures producers a more predictable and stable environment and allows processors to rationalize their plants to improve efficiency and competitiveness.

During 2001, the Western Milk Pool Coordinating Committee took steps to further improve the operations of the Agreement by harmonizing Class 2-4 prices across the region. This measure, taken to further "level the

competitive playing field", came into effect on February 1, 2002.

MARKETING AND TRANSPORTATION

At year-end, the Board marketed milk to only one Saskatchewan processing plant operated by Saputo Inc. at Saskatoon.

Agrifoods International Cooperative Ltd. continued to serve as agent of the Board for the transportation of all milk produced in the province. This organization continued to restructure raw milk pick up to increase efficiency. The average basic rate decreased during 2004 (Table I). In 2004, the cost to transport the 218,643,243 litres of milk marketed amounted to $4,787,016.56, or an average of $2.19 per hl, compared to $2.28 per hl the year previous.

The transportation cost comparison is presented in Table I.

TABLE I (Unaudited)

TRANSPORTATION VOLUMES AND RATES 2000 - 2004

Year	Volume Transported (litres)	Average Rate $/Per Hectolitre
2004	218,643,243	2.19
2003	207,832,521	2.28
2002	210,142,658	2.29
2001	211,275,018	2.22
2000	208,837,044	1.99

The Board acknowledges and appreciates the commitment of bulk milk transporters in achieving an efficient transportation system.

MILK CONTROL BOARD ACTIVITIES

The Board members strive to accommodate the interests of producers, processors and consumers as well as other industry stakeholders.

The Board held six meetings during the year. Board members also spent numerous days attending various committee meetings, as well as maintaining contact with local milk producers and industry organizations. In an effort to further increase communications with milk producers, the number of district meetings was doubled. In addition to the regular six

spring meetings, another five meetings were held in the fall of 2004.

Because of the number of fast-moving changes occurring in the industry, the Board considered it vital that producers be kept informed on a more frequent and regular basis.

These meetings provided producers with information on current issues regarding Western Milk Pooling, Multiple Component Pricing, quota policies, quota swapping and other issues the dairy industry should [redacted]. The information obtained from these meetings assisted the Board and Advisory Committees in developing the appropriate policies and proced[redacted] Saskatchewan's dairy industry.

Board members and [redacted]stry representatives attended five meetings of the Canadian Milk Supp[redacted]mittee. A most significant activity was to strengthen and test the methodology [redacted] forecast future supply and demand circumstances so that the domestic supply management system can respond more quickly to changing market circumstances.

During 2004, the Board's Western Milk Pool Coordinating Committee participated in four meetings. The Western Milk Pool provinces negotiated and implemented an arrangement with Saputo Inc. to ensure producers have a Plant of Last Resort (PLR) to absorb surplus milk in return for a guaranteed supply of high quality milk for the processor. Another complementary Plant of Last Resort Agreement was negotiated with Parmalat to provide producers in all four provinces with PLR services. A new initiative to be completed next year is to fully harmonize Class 1(fluid) prices within the Western Milk Pool.

Over the past year communications with producers have received a high priority to address the broad range of changes regarding producers. It has been especially important to keep producers abreast of developments and to respond to inquiries as the industry adjusts to new quotas, pricing and World Trade Organization rulings. The Saskatchewan Milk Control Board monthly newsletter is a publication that strives to provide information in a timely and concise manner. It serves to keep stakeholders informed of developments pertaining to marketing and other issues. Feedback indicates that this has been effective in improving the communication link between the Board and producers.

Because of the special information needs associated with the new quota management system, separate policy bulletins were distributed to all producers before the dairy year commenced, along with another bulletin during the fall of 2004.

In addition to these traditional communication vehicles, the Board operates a website to serve as a means to further strengthen communications with the industry's many stakeholders.

The Board gratefully acknowledges the contribution of Industry Advisory Committee members, and is indebted for the advice, support and cooperation extended to it by all sectors of the dairy industry.

At year-end, there were five people on the Board's permanent staff. The Board wishes to thank the staff for their hard work and loyalty during another very busy year.

LEGISLATION

The pricing of milk for fluid purposes is a Board responsibility. The Board's primary objective is to provide efficient producers and processors with a fair return to labour, management and investment. The Federal Government has jurisdiction over the industrial milk pricing, administered through a federal-provincial agreement known as the National Milk Marketing Plan and the Comprehensive Agreement on Pooling of Milk Revenues.

BOARD FINANCES

Financing of the operation of the Board was derived from assessment fees levied on producers and processors, processor license fees, quality penalties and interest on investments.

THE MILK CONTROL BOARD OF SASKATCHEWAN, MANAGEMENT REPORT 2004

The management of the Milk Control Board of Saskatchewan is responsible for the reliability and integrity of the accompanying financial statements and all other information in this Annual Report. It is the responsibility of management to prepare financial statements in accordance with Canadian generally accepted accounting principles.

The Board of Directors is responsible for overseeing the business affairs of the Milk Control Board, including management's financial reporting responsibilities and for reviewing and approving the financial statements and other financial information included in this Annual Report. The Board meets with management and the Provincial Auditor to discuss matters related to financial processes, systems of control and compliance with governing authorities.

The integrity of the financial records from which these financial statements are prepared is largely dependent on the systems of internal accounting controls. The purpose of such systems is to provide reasonable assurance that transactions are executed in accordance with proper authorization, transactions are appropriately recorded in order to permit preparation of financial statements and assets are properly accounted for and safeguarded against loss from unauthorized use. Underlying this concept of reasonable assurance is the fact that limitations exist in any system of internal accounting controls based on the premise that the cost of such controls should not exceed the benefits derived there from.

The financial statements have been audited by the Provincial Auditor Saskatchewan. The report to the Members of the Legislative Assembly, stating the scope of the examination and opinion on the financial statements, appears on the following page.

Gerry Gartner
Chief Executive Officer
Regina, Saskatchewan
March 1, 2005

J.A. Frass
Administrative Officer

MILK CONTROL BOARD

FINANCIAL STATEMENTS

For the Year Ended December 31, 2004

Provincial Auditor Saskatchewan

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SASKATCHEWAN

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AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the balance sheet of the Milk Control Board as at December 31, 2004 and the statements of revenue, expenses and net assets, and cash flows for the year then ended. The Board's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at December 31, 2004 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Regina, Saskatchewan
March 1, 2005

Fred Wendel, CMA, CA
Provincial Auditor

MILK CONTROL BOARD
BALANCE SHEET
As at December 31

	2004	2003
ASSETS		
Cash	$ 2,393,729	$ 964,111
Accounts receivable	8,176,825	7,291,782
	10,570,554	8,255,893
Capital assets (Note 3)	7,621	7,556
	$10,578,175	$ 8,263,449
LIABILITIES AND NET ASSETS		
Accounts payable	$10,265,891	$ 8,014,834
Net assets (Statement 2)	312,284	248,615
	$10,578,175	$ 8,263,449

(See accompanying notes to the financial statements)

MILK CONTROL BOARD
STATEMENT OF REVENUE, EXPENSES AND NET ASSETS
Year Ended December 31

	Budget 2004 (Note 6)	Actual 2004	Actual 2003
Revenue:			
Milk sold to processors	$139,500,000	$140,251,432	$135,461,227
Milk Pools (Note 4)	500,000	(1,646,966)	586,634
Milk Pool administration and assessment fees	734,400	768,058	730,031
Interest	43,000	36,539	41,805
Milk quality penalties	115,000	86,961	113,410
Licence fees and miscellaneous	2,625	2,789	2,762
	140,895,025	139,498,813	136,935,869
Expenses:			
Milk purchased from producers	140,000,000	138,604,465	136,047,861
Salaries	335,000	332,555	350,058
Milk pool administration expense	120,000	119,901	118,781
Disposal of unsaleable milk	96,000	79,132	80,266
Travel, sustenance and vehicle expense	106,700	101,134	86,559
Rent	48,530	48,410	47,781
Legal	15,000	5,965	11,809
Employee benefits	60,006	53,095	50,100
Honoraria	46,400	44,418	38,481
Administrative expense	30,235	27,898	25,569
Cost of production study	16,000	9,837	11,339
Amortization	4,500	5,584	6,063
Bad Debt	-	2,750	-
	140,878,371	139,435,144	136,874,667
Surplus for the year	$ 16,654	63,669	61,202
Net assets, beginning of year		248,615	187,413
Net assets, end of year - to Statement 1		$ 312,284	$ 248,615

(See accompanying notes to the financial statements)

MILK CONTROL BOARD
STATEMENT OF CASH FLOWS
Year Ended December 31

	2004	2003
Cash Flows From Operating Activities:		
Cash receipts from customers, interest and fees	$ 138,652,476	$136,518,662
Cash paid to suppliers, employees and board members	(137,217,209)	(136,396,383)
Cash flows from operating activities	1,435,267	122,279
Cash Flow From Investing Activities:		
Purchase of assets	(5,649)	(4,981)
Net increase in cash during the year	1,429,618	117,298
Cash position, beginning of year	964,111	846,813
Cash position, end of year	$ 2,393,729	$ 964,111

(See accompanying notes to the financial statements)

MILK CONTROL BOARD
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2004

1. Significant Accounting Policies

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles. The significant accounting policies are as follows:

a) Revenue Recognition

Revenue from milk sold to processors is recognized when milk is delivered to processors.

b) Capital Assets

Office furniture and equipment is recorded at cost less accumulated amortization.

Office furniture and equipment is amortized over its estimated useful life using the straight-line method at 20% per annum.

2. Incorporation

The Milk Control Board (Board) is continued as a body corporate under *The Milk Control Act, 1992* (Act). The Board has authority to make any regulations or orders in connection with the production, supply, distribution and sale of milk.

The Board is responsible under the Act for the control and regulation of the marketing of milk in the province. In fulfilling this responsibility, the Board operates a milk pooling system whereby the Board purchases all milk produced in the province and sells it to processors. The Board's agent, Agrifoods International Cooperative Limited, administers the necessary collections and payments. The purchase price paid by the Board is based on the quality and quantity of milk shipped by producers and on the value of milk sold to processors. The value of milk sold to processors is determined by its final product use and prices established by the Board.

3. Capital Assets

	Cost	Accumulated Amortization	2004 Net Book Value	2003 Net Book Value
Office furniture and equipment	$45,732	$38,111	$7,621	$ 7,556

4. Milk Pools

Effective August 1, 1995 (and continued August 1, 2003), the Board entered into an arrangement with its counterparts in Prince Edward Island, Nova Scotia, New Brunswick, Quebec, Ontario, Manitoba, Alberta, and British Columbia and the Canadian Dairy Commission (CDC). This arrangement provides for pooling of revenues from sales of milk components in industrial and special classes of milk sold in domestic and external markets. CDC administers the Industrial and Special Class Pool.

Effective March 1, 1997, the Board entered into an arrangement with its counterparts in British Columbia, Alberta and Manitoba and CDC. This arrangement provides for pooling of all revenues from sales of Fluid Milk and Industrial Milk, including special classes, by producers to processors in the four western provinces. The purpose of the arrangement is to pool producer returns as if the western provinces constituted a single market. CDC administers the Western Milk Pool.

Based on each province's monthly utilization, CDC will either distribute a portion of, or require a contribution to, the Industrial and Special Class Pool and Western Milk Pool.

5. Related Party Transactions

Included in these financial statements are transactions with various Saskatchewan Crown corporations, departments, agencies, boards and commissions related to the Board by virtue of common control or significant influence by the Government of Saskatchewan.

Routine operating transactions with related parties are recorded at the standard rates charged by those organizations and are settled on normal trade terms. These transactions are as follows:

	2004	2003
Various expenses	$ 82,010	$ 85,344

In addition, the Board pays Provincial Sales Tax to the Saskatchewan Department of Finance on all its taxable purchases. Taxes paid are recorded as part of the cost of those purchases.

6. Budget

The budget for the 2004 year was approved by the Board on January 22, 2004.

7. Financial Instruments

a) Fair Value

The Board's financial instruments include accounts receivable and accounts payable. These financial instruments are non-interest bearing and are due or payable within the next year. Due to this short-term maturity, the carrying value of these financial instruments approximates fair value.

b) Concentration of Credit Risk

The Board is subject to credit risk as virtually all of the Board's milk sales were to one processor.

SASKATCHEWAN MILK CONTROL BOARD

TABLE II (Unaudited)

TOTAL WHOLE MILK REQUIREMENTS, NUMBER OF MILK PRODUCERS AND AVERAGE DAILY PRODUCTION 2003-2004 (litres)

MONTH	YEAR	WHOLE MILK REQUIREMENTS	TOTAL PRODUCTION	NUMBER OF PRODUCERS	DAILY AVERAGE PER PRODUCER
January	2003	7,355,077	17,743,903	310	1,846
	2004	**7,230,027**	**18,186,407**	**283**	**2,073**
February	2003	6,543,368	16,160,738	308	1,874
	2004	**6,546,288**	**17,326,936**	**281**	**2,202**
March	2003	7,220,554	17,778,329	305	1,880
	2004	**7,319,388**	**18,812,092**	**281**	**2,160**
April	2003	6,915,936	17,156,912	300	1,906
	2004	**6,956,858**	**18,378,870**	**280**	**2,188**
May	2003	7,169,845	17,702,578	298	1,916
	2004	**6,951,279**	**19,082,187**	**281**	**2,191**
June	2003	6,538,662	17,415,392	296	1,961
	2004	**6,736,074**	**18,416,869**	**281**	**2,185**
July	2003	6,620,738	17,950,538	296	1,956
	2004	**6,610,366**	**18,829,901**	**281**	**2,162**
August	2003	6,756,148	17,408,574	294	1,910
	2004	**6,778,332**	**18,839,941**	**278**	**2,186**
September	2003	7,068,015	16,848,659	291	1,930
	2004	**6,945,073**	**17,538,077**	**276**	**2,118**
October	2003	7,385,628	17,133,337	286	1,932
	2004	**7,323,141**	**17,860,980**	**276**	**2,088**
November	2003	6,833,605	16,727,865	284	1,963
	2004	**7,295,880**	**17,223,870**	**272**	**2,111**
December	2003	7,457,505	17,805,694	284	2,022
	2004	**7,541,577**	**18,147,113**	**271**	**2,160**
TOTALS	2003	83,865,082	207,832,521	296	1,924
	2004	**84,234,284**	**218,643,243**	**278**	**2,152**
% Change		**0.44%**	**5.20%**	**-6.08%**	**11.85%**

SASKATCHEWAN MILK CONTROL BOARD

TABLE III (Unaudited)

TOTAL KILOGRAMS OF BUTTERFAT SHIPPED IN SASKATCHEWAN BY MONTH AND DAIRY YEAR

Month	1999/2000	2000/2001	2001/2002	2002/2003	2003/2004
August	621,698	628,363	611,180	628,414	618,332
September	613,031	626,826	610,121	606,639	624,484
October	643,445	654,091	646,263	645,898	655,501
November	625,326	631,687	635,933	629,994	649,967
December	656,079	662,062	663,513	659,432	674,951
January	667,328	662,932	670,534	667,091	684,064
February	626,629	605,009	608,621	600,544	645,190
March	670,459	674,304	680,624	665,213	697,791
April	653,353	648,820	654,281	630,799	681,723
May	669,913	657,322	659,209	644,986	697,966
June	639,230	626,199	625,588	627,632	665,504
July	638,573	633,859	614,202	637,531	673,567
Totals	7,725,064	7,711,474	7,690,069	7,644,173	7,969,038

SASKATCHEWAN MILK CONTROL BOARD

TABLE IV (Unaudited)

TOTAL SALES OF MILK & CREAM IN LITRES BY SIZE OF CONTAINERS JANUARY 1, 2004 – DECEMBER 31, 2004

Size of Containers	Year	Fluid Products	% of Total	Cream Products	% of Total	Total Products	% of Total
20 Litres	2003	667,900	0.83	0	0.00	667,900	0.79
	2004	**663,600**	**0.83**	**0**	**0.00**	**663,600**	**0.79**
15 Litres	2003	142,065	0.18	0	0.00	142,065	0.17
	2004	**0**	**0.00**	**0**	**0.00**	**0**	**0.00**
10 Litres	2003	25,670	0.03	509,030	14.40	534,700	0.63
	2004	**28,370**	**0.04**	**634,170**	**17.11**	**662,540**	**0.79**
4 Litres	2003	49,074,816	60.67	0	0.00	49,074,816	58.13
	2004	**49,973,492**	**62.27**	**0**	**0.00**	**49,973,492**	**59.52**
2 Litres	2003	23,027,184	28.47	0	0.00	23,027,184	27.28
	2004	**22,067,358**	**27.50**	**0**	**0.00**	**22,067,358**	**26.28**
1 Litre	2003	5,460,015	6.75	973,305	27.54	6,433,320	7.62
	2004	**5,172,573**	**6.45**	**1,075,539**	**29.01**	**6,248,112**	**7.44**
500 ml	2003	1,356,125	1.68	1,221,527	34.56	2,577,652	3.05
	2004	**1,297,928**	**1.62**	**1,230,414**	**33.19**	**2,528,342**	**3.01**
475 ml	2003	438	0.00	0	0.00	438	0.00
	2004	**16**	**0.00**	**0**	**0.00**	**16**	**0.00**
473 ml	2003	0	0.00	3,516	0.10	3,516	0.00
	2004	**0**	**0.00**	**4,622**	**0.12**	**4,622**	**0.01**
400 ml	2003	5,968	0.01	0	0.00	5,968	0.01
	2004	**0**	**0.00**	**0**	**0.00**	**0**	**0.00**
375 ml	2003	10,938	0.01	0	0.00	10,938	0.01
	2004	**0**	**0.00**	**0**	**0.00**	**0**	**0.00**
350 ml	2003	6,059	0.01	0	0.00	6,059	0.01
	2004	**12,088**	**0.02**	**0**	**0.00**	**12,088**	**0.01**
250 ml	2003	993,721	1.23	177,731	5.03	1,171,452	1.39
	2004	**952,773**	**1.19**	**165,629**	**4.47**	**1,118,402**	**1.33**
200 ml	2003	6,598	0.01	0	0.00	6,598	0.01
	2004	**1,286**	**0.00**	**0**	**0.00**	**1,286**	**0.00**
120 ml	2003	90,344	0.11	0	0.00	90,344	0.11
	2004	**63,465**	**0.08**	**0**	**0.00**	**63,465**	**0.08**
CREAMETTES	2003	15,517	0.02	649,330	18.37	664,847	0.79
	2004	**14,855**	**0.02**	**596,495**	**16.09**	**611,350**	**0.73**
Totals	2003	80,883,358	100.00	3,534,439	100.00	84,417,797	100.00
	2004	**80,247,804**	**100.00**	**3,706,869**	**100.00**	**83,954,673**	**100.00**

SASKATCHEWAN MILK CONTROL BOARD

TABLE V (Unaudited)

PROVINCIAL AVERAGE BUTTERFAT, PROTEIN AND SOLIDS NON-FAT TESTS BY MONTH 2003 – 2004

MONTH	YEAR	BUTTERFAT	PROTEIN	OTHER SOLIDS
January	2003	3.7595	3.3723	5.7299
	2004	3.7614	3.3521	5.7642
February	2003	3.7161	3.3311	5.7467
	2004	3.7236	3.3413	5.7576
March	2003	3.7417	3.3335	5.7538
	2004	3.7093	3.3154	5.7849
April	2003	3.6766	3.2807	5.7560
	2004	3.7092	3.3257	5.7726
May	2003	3.6434	3.2423	5.7705
	2004	3.6577	3.3223	5.7734
June	2003	3.6038	3.2340	5.7699
	2004	3.6136	3.2829	5.7780
July	2003	3.5516	3.2121	5.7772
	2004	3.5771	3.1981	5.7888
August	2003	3.5519	3.2067	5.7527
	2004	3.6220	3.2176	5.7065
September	2003	3.7064	3.3484	5.7417
	2004	3.7390	3.3060	5.6770
October	2003	3.8259	3.4343	5.7360
	2004	3.8431	3.3705	5.6773
November	2003	3.8856	3.4323	5.7411
	2004	3.8673	3.3646	5.6863
December	2003	3.7907	3.3990	5.7536
	2004	3.8460	3.3810	5.6990
Wtd. Ave.	2003	3.7035	3.3182	5.7526
Tests	2004	3.7206	3.3138	5.7398
% Change		0.46	-0.13	-0.22

THE MILK CONTROL BOARD, 2004 PERSONAL SERVICES (unaudited)

Listed are individuals excluding unionized employees, who received payments for salaries, taxable benefits, honoraria, travel, etc., which totalled $2,500 or more.

	Salaries & Taxable Benefits	Travel	Total
Staff			
Gerry Gartner	$105,735.00	$21,712.23	$127,447.23
Jerry A. Frass	65,283.00	355.57	65,638.57
Mary Ann Costron	51,831.00	564.51	52,395.51
Unionized Employees	110,106.19	7,606.52	117,712.71
Sub Total	$332,955.19	$30,238.83	$363,194.02
	Honoraria	**Travel**	**Total**
M.C.B. Members			
Leonard Blocka	12,807.50	20,078.85	32,886.35
David Christensen	5,735.00	8,985.66	14,720.66
David Finlay	6,577.81	6,895.83	13,473.64
Joe Guenther	2,576.88	2,992.57	5,569.45
Garf Stevenson	3,913.75	1,596.17	5,509.92
Joanne Mortenson	1,782.50	1,743.73	3,526.23
Sub Total	$ 33,393.44	$ 42,292.81	$ 75,686.25
Dairy Industry Committee			
Emile Marquette	3,565.00	8,991.87	12,556.87
Henry Friesen	3,100.00	5,713.32	8,813.32
Leo Bertoia	1,860.00	6,208.22	8,068.22
Others	2,499.38	6,760.15	9,259.53
Sub Total	$ 11,024.38	$ 27,673.56	$ 38,697.94

Supplier Payments:

Listed are payees who received $20,000 or more for providing goods and services including office supplies, advertising, contracts, legal, equipment, etc.

Producer Expenses		$138,604,465.11
Unsaleable milk	milk below national quality standards	79,132.47
Dairyland Fluid Division	producer payment services	70,635.29
SREIT (NCO) Building Ltd.	office rent and parking	40,690.22
Wheatland Accounting	accounting service for Cost of Production	37,457.45
Agriculture, Food & Rural Revitalization	milk component testing	30,623.40
Payees under $20,000		94,560.15
Sub Total		$138,957,564.09
GRAND TOTAL	$377,373.01	$100,205.20	$139,435,142.30